



Health Insurance Exchange and Affordable Care Act Update

*Beth Lazare, Deputy Director
Arizona Health Care Cost Containment System
Moving Forward: Implementing Integrated Models
of Care in Arizona
Phoenix, August 23, 2012*



Our first care is your health care
Arizona Health Care Cost Containment System

“Reaching across Arizona to provide comprehensive quality
health care for those in need”

Arizona Health Care Reform

Guiding Principles

- ❑ Leverage the competitive, private insurance market to promote individual choice and reduce dependency on public entitlements, thereby maximizing coverage and strengthening Arizona's health care system.
- ❑ Recognize that, through Proposition 204, Arizona voters mandated coverage (within available resources) of individuals with incomes below 100% FPL.
- ❑ Identify enhanced federal match rate opportunities for the restoration of Proposition 204 as a sustainable component of the coverage solution based upon the principles of flexibility and state/federal partnership set forth in the AHCCCS Waiver.
- ❑ Implement payment reform strategies that lower costs by promoting quality of care and by maximizing personal responsibility through innovative cost-sharing designs.



Arizona Health Care Reform

Guiding Principles

- Increase efficiency and responsiveness of Arizona's public health system by examining opportunities to streamline and consolidate duplicative agency functions related to the purchase and oversight of health care services.
- Work with health care, business and community stakeholders to build a high quality health care infrastructure that is patient-centered, sustainable, accessible and affordable.
- Keep health care decision making as local as possible.
- Acknowledge the importance of the health care industry to the state's overall economy and the impact of a stable health care system on Arizona's ability to attract and retain high quality jobs, including those in the medical profession.



Process and Timeline for Deliberations

- ❑ Ongoing: Submit clarifying questions to Federal Government and await further guidance on Federal interpretation of Supreme Court ruling for Medicaid.
- ❑ August 2012: Update fiscal estimates on State options.
- ❑ July – November 2012: Engage stakeholders and obtain public input.
- ❑ November – December 2012: Incorporate final decisions into normal policy-making process.

Health Insurance Exchange: Principles for an Arizona Exchange

- ❑ Build on Arizona's Strong Health Insurance Market.
- ❑ Support Market Facilitator Approach.
- ❑ Maximize Choice and Competition.
- ❑ Impose Minimal Regulations and Reporting Requirements.



Exchange Timeframes

- ❑ September 2012: Essential Benefits decision
- ❑ **November 2012: Submit State's Intent regarding Exchange to HHS Secretary**
- ❑ January 2013: HHS Secretary Certifies Exchange
- ❑ July 2013: Systems Readiness Testing
- ❑ October 2013: Exchange enrollment begins
- ❑ January 2014: Exchange coverage begins
- ❑ January 2015: Exchange must be self-sustaining through user fees, assessments or other funding sources



Exchange Stakeholder Engagement

- To facilitate input, Arizona formed the following stakeholder work groups:
 - Health Plan Work Group (led by ADOI)
 - Health Insurance Brokers and Agents Work Group (led by ADOI)
 - Tribal Work Group (led by ITCA)
 - IT Infrastructure Work Group (led by AHCCCS)
 - Legislative Work Group
- Governor's Office meeting with the following groups to gather input on decision regarding whether to operate a state Exchange:
 - Health Plans
 - Hospitals
 - Health Care Providers
 - Advocacy Groups
 - Media
- Essential Benefits feedback may also be provided at:
<http://www.azgovernor.gov/hix/>



HHS Vision of IAP Eligibility

- **Easy and Fast:** “minimize burden on States and individuals by relying on electronic data sources to verify applicant information wherever possible. In most cases, this will allow for a near real-time eligibility process”
- **Coordinated:** “...using the same simplified eligibility rules for premium tax credits, Medicaid and CHIP, individuals can enroll...without unnecessary steps or redundant paperwork.”
- **Seamless:** “simplifies the redetermination process to help enrollees maintain coverage...without unnecessary disruptions.”

(<http://www.healthcare.gov/news/factsheets/2011/08/exchanges08122011b.html>)



Eligibility

- ACA requires Exchanges to be able to screen for Medicaid “preliminary assessment”; final determination can be made by Medicaid
- Continuum – Medicaid, CHIP, Exchange, Commercial
 - Family members could be covered across continuum
 - CHURN
 - Feb 2011 Health Affairs study estimates 28 million people/year shift between Medicaid and Exchange
 - In AZ, ~70K churn on and off Medicaid each month.

Leveraging Infrastructure

□ Health-e-Arizona

- Current Web-based service – fully integrated with Medicaid, CHIP and Human Service eligibility systems
- Potential Exchange Portal Access
- Eligibility (MAGI, Other Medicaid, CHIP, SNAP, TANF, SHOP, Navigator, Exemptions, other)
- Infrastructure (Integration with State Eligibility systems)

□ Potential online, real-time AZ-HIX that supports:

- Public benefits (e.g., Medicaid, CHIP, SNAP, TANF)
AND
- Private health insurance and other benefits

□ Leverage AHCCCS data warehouse and reporting



Estimated Enrollment Increases

	<u>Eligible</u>	<u>Participants</u>
Exchange	621,000	479,000
SHOP Exchange	1,822,000	510,000
AHCCCS	431,000	247,000



Who could use a potential AZ-HIX integrated enrollment system?

- Consumers
 - QHP with or without Tax Credits and Cost Sharing
 - Medicaid (MAGI and non-MAGI)
 - CHIP
 - Other Health Programs
 - Human Service Programs (at least SNAP and TANF)
- Employers and Employees for SHOP
 - Small Group Insurance
- Assistance Groups
 - State Workers
 - Community Assistors
 - Navigators
 - Producers (Agents and Brokers)
 - Call Center and other Consumer Supports
- QHPs
 - Plan Certification and Management

Transition of Members Across Continuum

□ Transitions:

- Minimize service disruption when changing carriers
- Ensure treatment for acute and chronic conditions continues; prevent escalation of health needs
- Coordinate care for populations with special health care needs



Opportunities for Care Coordination

- ❑ Insurers more likely to offer across continuum
 - Medicaid enrollment expected to exceed 1.5 million Arizonans (out of ~6 million)
 - Churn – 70K on and off Medicaid each month
 - ❑ Many previously became uninsured
 - ❑ Greater number will now move across continuum
 - Medicaid plans must get commercial license to be QHP or commercial carrier
- ❑ Current AZ law and Medicaid contract language re: transition of care

Data Sharing

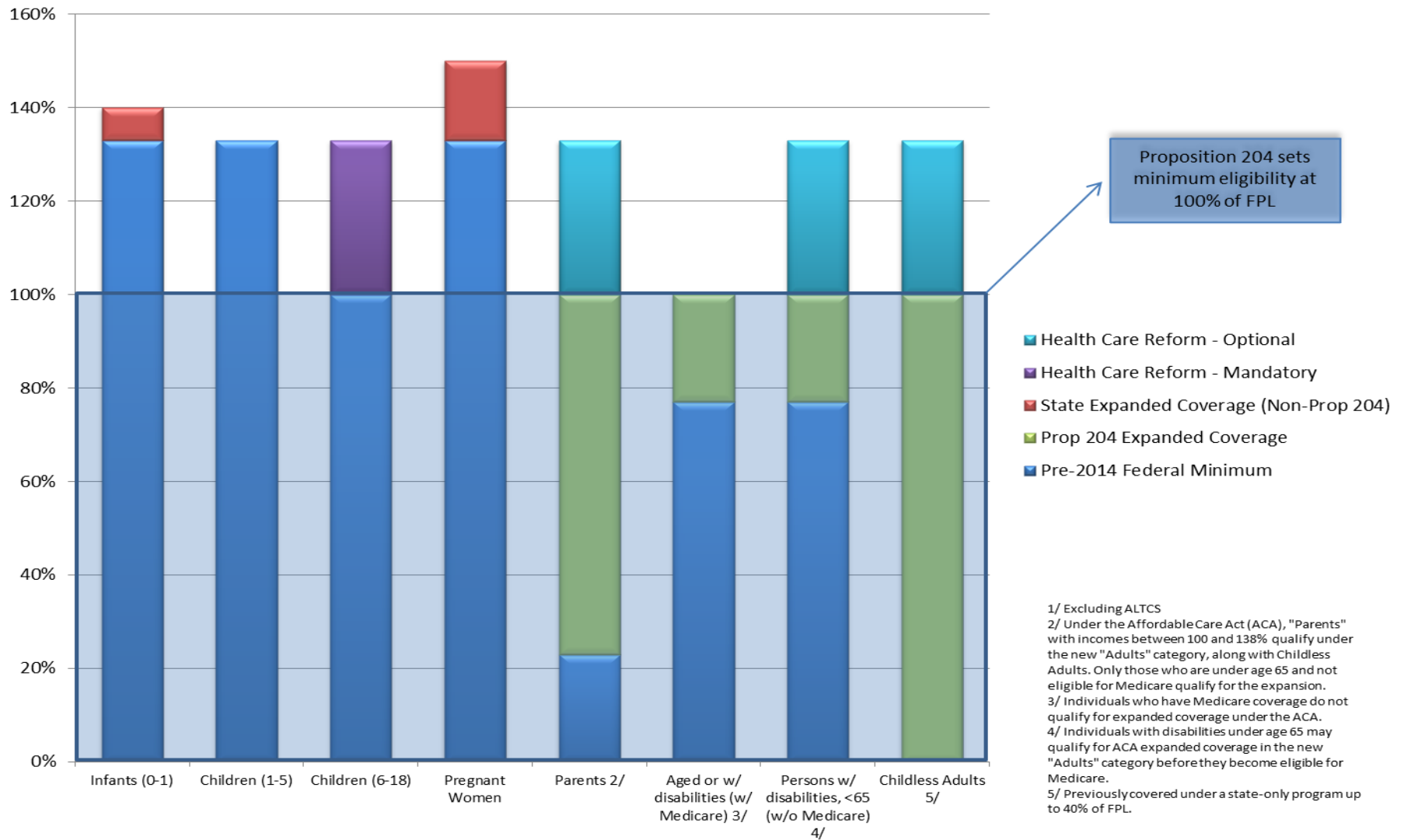
- ❑ Created workgroup as part of Exchange planning process
 - Commercial and Medicaid health plan staff
 - Care Coordination Attestation re: Data Sharing
 - ❑ Diagnosis of specific conditions (e.g., Cancer, CHF, Pregnancy, Asthma)
 - ❑ ED, Inpatient & Drug utilization (12 months prior)
 - ❑ Open authorizations

Data Sharing (*ctd.*)

- Attestation/Requirements will be added to:
 - Exchange QHP application
 - Medicaid Health Plan contracts
 - Oct 1, 2013 contracts will also include data sharing between RBHA and Health Plans
- Next Steps:
 - HOW – IT survey re: data exchange methods



Arizona Medicaid Income Eligibility¹



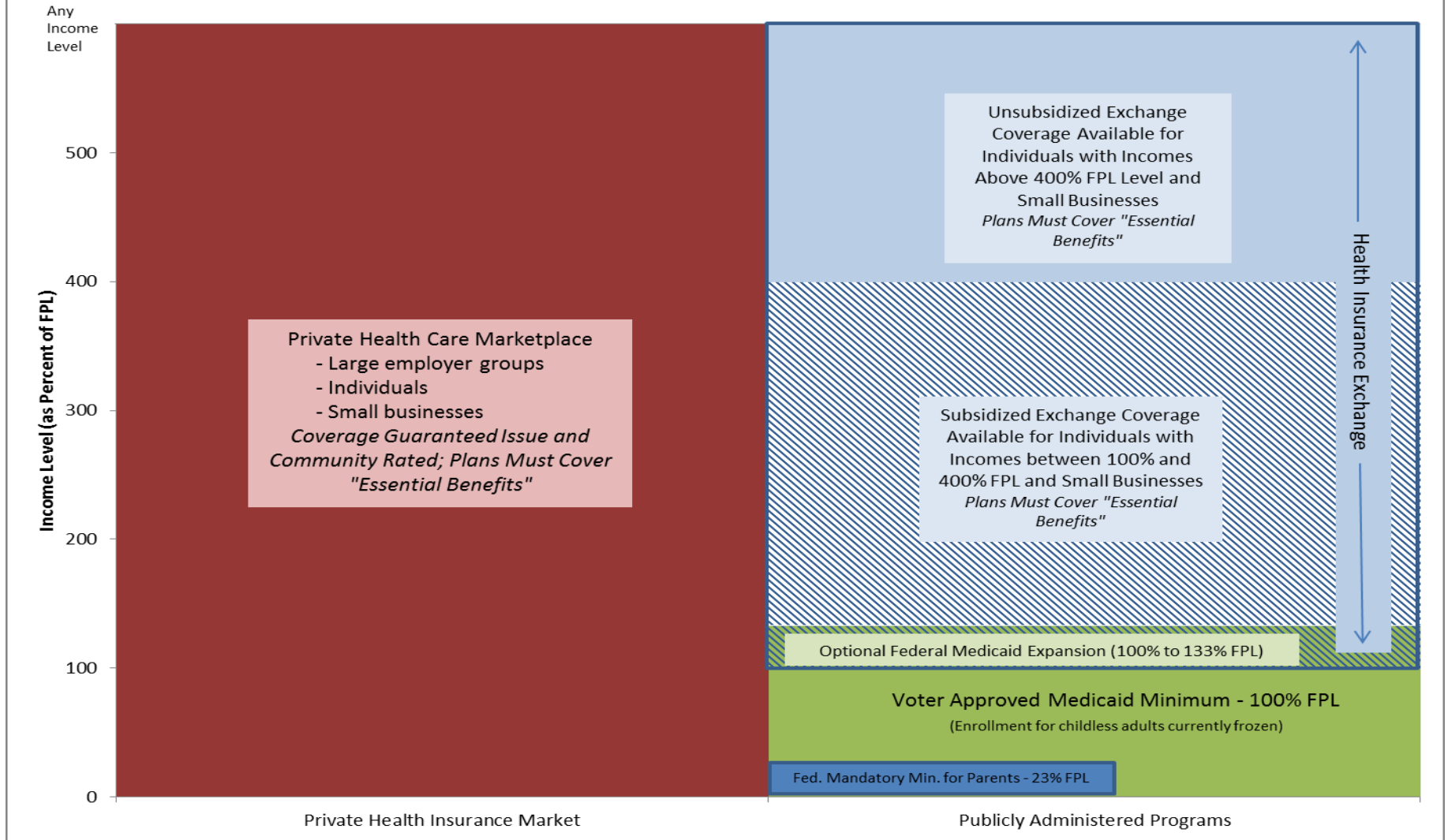
AHCCCS Coverage Solutions:

Current Status of the AHCCCS Program

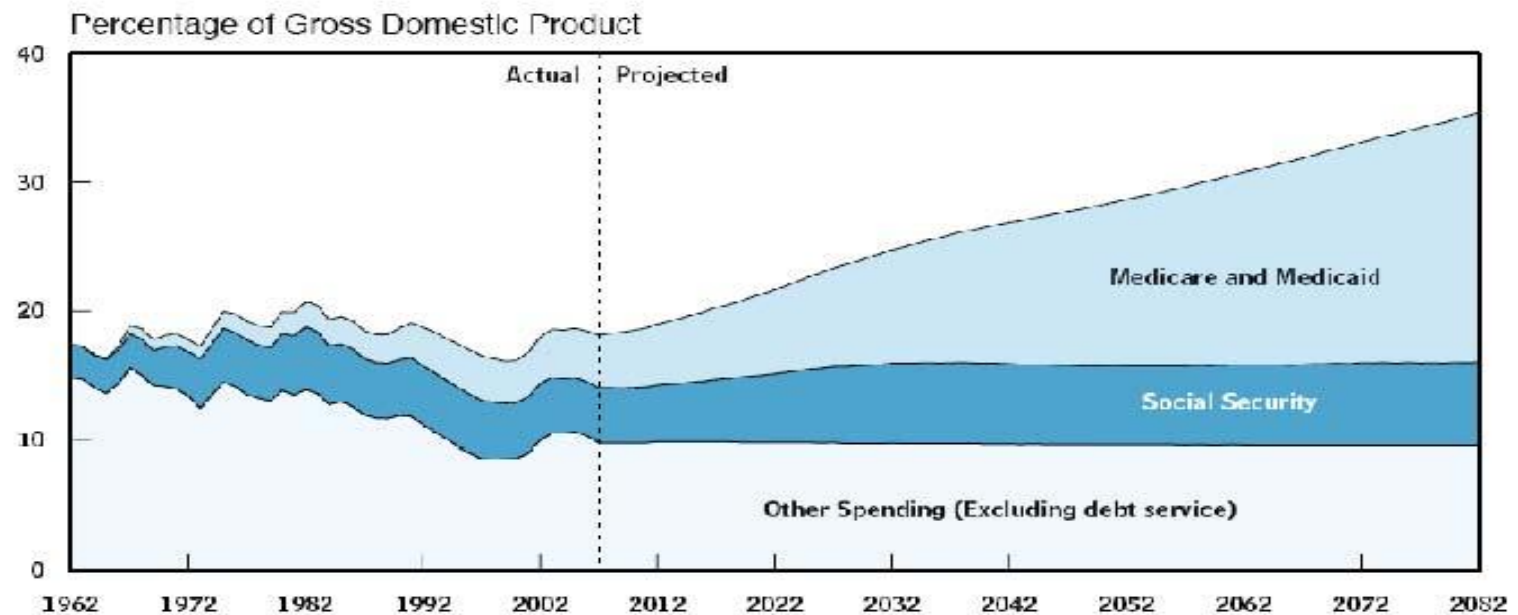
- ❑ Prop. 204 mandates AHCCCS cover all Arizonans up to 100% FPL *within available resources*.
- ❑ State Supreme Court approved freeze because Legislature determined additional resources were not available.
- ❑ The childless adult enrollment freeze also necessitated a change to the AHCCCS Waiver, which provides federal authority to cover this population.
- ❑ The current Waiver ends January 1, 2014; childless adults will lose their coverage without some further action.
- ❑ The current childless adult population (0-100% FPL) does not have access to subsidies on the Exchange.



Arizona Health Insurance Coverage Options for Adults



Medicare and Medicaid Are the Primary Drivers of Future Federal Spending Growth and Deficits



Source: CBO, "Key Issues in Analyzing Major Health Insurance Proposals," December 2008.

HEALTH MANAGEMENT ASSOCIATES



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AHCCCS Coverage Solutions: Achieving Long-Term Sustainability

- Although the AHCCCS program has achieved balance within its budget, concerns remain:
 - Prop. 100 temporary, one-cent sales tax expires July 1, 2013.
 - Proposed Quality Education & Jobs Initiative seeking to establish one-cent tax offers no help:
 - Directs funding for healthcare only to KidsCare.
 - Additional funding for KidsCare is not needed since federal government will cover 99% of KidsCare costs under ACA.
 - Offers no flexibility to support broader AHCCCS program.
 - State's budget was planned through Fiscal Year 2015, incorporating cost of full Medicaid expansion and resulting in \$400M deficit.



AHCCCS Coverage Solutions: Building on a Tradition of Flexibility, Partnership

- Flexibility, partnership are cornerstone of AHCCCS success, mainly through 1115 Waiver, which:
 - Created first statewide, mandatory Medicaid Managed Care program (1982);
 - Permitted Home and Community Based Services to allow elderly and individuals with disabilities to stay at home instead of being placed in institutions for their care (1989).
 - Allowed coverage for Childless Adults in response to Prop. 204 (2001);
 - Supported personal responsibility through mandatory copays for Childless Adults (2003); and
 - Provides State ability to manage program during fiscal crisis.



AHCCCS Coverage Solutions: Requires Partnership with Federal Government

- Additional guidance needed on what populations are optional:
 - Confirm Children up to 138% FPL mandatory.
 - What about parents?
- Can Arizona obtain enhanced match for restoring childless adult coverage to 100% FPL, but not 133%?
- What type of flexibility will states have via 1115 waiver process?
- How will November elections impact policy direction?



Policy Opportunities and Considerations

- Opportunities for private, commercial coverage of:
 - Non-AHCCCS eligible individuals with Serious Mental Illness; impact on the State's role.
 - KidsCare eligible children.
- How to address state cost of Childless Adult population, which is not 100% federally funded?
- Need to assess impact of federal reductions to DSH.
- What is impact of converting FPL to new MAGI; what is actual FPL and what are associated costs?





Opportunities for Operational Efficiencies

- ❑ Currently, multiple agencies across state government are performing the same function of purchasing healthcare services for the State.
- ❑ Modernizing Arizona's healthcare infrastructure presents opportunities to consolidate some of these functions.
- ❑ Streamlining government functions supports best practices, leverages existing capacity and achieves greater efficiencies.
- ❑ The State could better focus on reform initiatives to align incentives in healthcare, pay for quality of care and not quantity of services, modernize reimbursement strategies (e.g., use of APR-DRGs), and pursue innovation grants.

